

## **Shufersal reports today the financial results for the first quarter of 2023**

**The group shows growth in revenues and improvement in profitability in the first quarter compared to the corresponding quarter last year**

**An increase of approximately 6.3% in revenues in the first quarter which totalled approximately NIS 3.7 billion compared to approximately NIS 3.5 billion in the corresponding quarter last year**

**An improvement in the operating profit which totalled approximately NIS 151 million, which is approximately 4.1% of the revenues compared to approximately NIS 102 million in the corresponding quarter last year, which is approximately 2.9% of the group's revenues**

**An increase in net profit in the first quarter that jumped by approximately 144% to approximately NIS 66 million compared to approximately NIS 27 million in the corresponding quarter last year**

**Growth in private label sales associated with the retail sector in the first quarter to a record of approximately 28.4% of total food retail sales compared to approximately 27.6% in the corresponding quarter last year**

**The automatic shipping center in Modi'in with a total area of approximately 43 thousand square meters will begin initial commercial activity in March 2023**

**Itzik Abercohen, Chairman of the Shufersal Board of Directors and Uri Waterman, CEO of the Shufersal Group, said today:**

"We are proud to conclude a successful quarter in which the group presented growth and improvement in all operational parameters following the business moves we implemented at the end of last year. The improvement in results is reflected in an increase in revenues while streamlining expenses compared to the corresponding quarter last year. The results of the quarter were affected by an improvement in the core activity in food retailing, an increase in the business market activity (B2B), the consolidation of the stock company and timing of Passover.

The group is now ready to leap forward after a difficult year during which we have prepared for future market challenges. Shufersal continues to establish the growth engines alongside the core activity in the chain's branches while focusing on improving profitability, accelerating the development of the private label which has become one of the strongest and most popular brands in Israel, in its leadership in the fields of online trade through Shufersal Online, and continuing to improve service and strengthening customer loyalty in the club.

The company continues operating in its various areas of growth, including the Shufersal business which is experiencing significant growth, the Be Stock Network, and the real estate activity which is gaining momentum.

The new management strengthens the group as a market leader, and we will continue operating and establishing our position as the largest and leading food retail company in Israel".

The group's revenues in the first quarter totalled approximately NIS 3.7 billion compared to approximately NIS 3.5 billion in the corresponding quarter last year. The increase of approximately 6.3% is due to an increase in business market activity (B2B), the consolidation of the stock company that was purchased in August 2022 and among other things, the effect of seasonality (in 2023, the Passover eve falls on April 5 compared to the year 2022, when the Passover eve fell on April 15). Same branch sales in the group increased by approximately 3.8% and by approximately 4.7% in the retail sector compared to the corresponding quarter last year.

The gross profit in the first quarter totalled approximately NIS 1 billion, which is approximately 27.0% of revenues, compared to approximately 925 million in the corresponding quarter last year, which was approximately 26.4% of revenues. The increase is mainly due to the increase in the retail sector sales and the introduction of stock activity, which was acquired in August 2022.

EBITDA for the quarter totalled approximately NIS 373 million compared to approximately NIS 316 million in the corresponding quarter last year and constitutes approximately 10% of the group's total revenues compared to approximately 9% of revenues in the corresponding quarter last year. The increase is mainly due to an increase in operating profit.

The operating profit in the first quarter totalled approximately NIS 151 million, which is approximately 4.1% of the group's revenues, compared to approximately NIS 102 million, which was approximately 2.9% of the group's revenues in the corresponding quarter last year. The increase in the operating profit is reflected in the three sectors of the group's activity. In 2022, the company implemented an efficiency plan in order to face future competition and improve the company's financial results.

The net profit in the first quarter grew by approximately 144% and totalled approximately NIS 66 million, which is approximately 1.8% of the revenues, compared to approximately NIS 27 million, which was approximately 0.8% of revenues in the corresponding quarter last year.

The revenues of the retail sector in the first quarter totalled approximately NIS 3.45 billion compared to approximately NIS 3.2 billion in the corresponding quarter last year, an increase of 7.1% which was mainly due

to an increase in business market activity (B2B), the consolidation of stock activity and among other things, the effect of timing of the holiday. Sales at shipping centers and Shufersal branches in the first quarter of this year increased by 5.8% compared to the same quarter last year. Sales in the same stores increased by 4.7% compared to the corresponding quarter last year, as mentioned.

The revenues of the Be chain in the first quarter totalled approximately NIS 250 million, compared to approximately NIS 269 million in the corresponding quarter last year, a decrease of 7.1% which was mainly due to a decrease in sales of corona products compared to the corresponding quarter last year. Neutralizing the effect of sales of corona products, the sector's revenues in the first quarter of this year increased by approximately 9.7% compared to the corresponding quarter last year.

Sales in the Be same stores decreased by 7.2% compared to last year. Neutralizing the effect of sales of corona products, sales in the Be same stores increased by 10.3% compared to the corresponding quarter last year.

The operating profit of the Be chain in the first quarter of 2023 totalled approximately NIS 2 million compared to approximately NIS 1 million in the corresponding quarter last year.

At the beginning of the year, a CEO was appointed to the Be chain to lead the chain's continued growth strategy, improve profitability and promote it as a significant player in the pharma market in Israel, while at the same time focusing on the synergy of the pharma sector in the Shufersal Group.

The real estate sector revenues in the first quarter totalled NIS 61 million compared to NIS 47 million in the corresponding quarter last year. The increase is due to the effect of the purchase of "Lev HaMifratz" company as well as to the rise of the consumer price index.

As of March 31, 2023, the group has real estate for investment totalling approximately NIS 1,381 million, compared to approximately NIS 879 million in the corresponding quarter last year. An increase of approximately NIS 392 million results from the purchase of additional shares in the “Lev HaMifratz” company and the balance resulting from an increase in the fair value as well as from additions and current investments.

As part of the company's strategy, according to which the real estate sector will serve as a growth engine alongside the retail activity, starting from January 1, 2023, Shufersal Real Estate, led by Oren Hod, is focused on the yielding real estate sector, where the company's retail real estate (that is, the branches that the company rents from third parties) are managed separately within the company's property department.

The sales of the retail sector through Shufersal Online in the first quarter constitute approximately 19.3% of the total retail sales, compared to approximately 21.9% in the corresponding quarter last year. The decrease is due to the weakening of the effect of the corona crisis.

The automatic shipping center in Modi'in with a total area of approximately 43 thousand square meters, began initial commercial activity during March 2023.

The share of private label sales associated with the retail sector in the first quarter was approximately 28.4% of total food retail sales in shipping centers and Shufersal branches and is approximately NIS 1 billion of total food retail sales, compared to approximately 27.6% in the corresponding quarter last year.

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